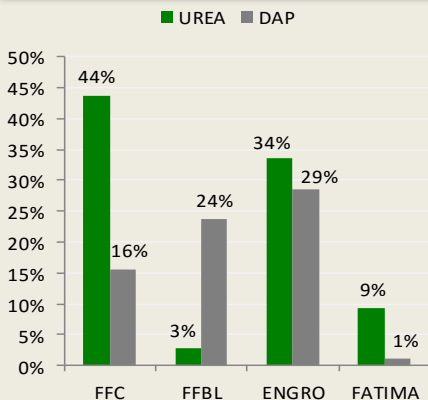


Fertilizer Off-takes (Feb'19)

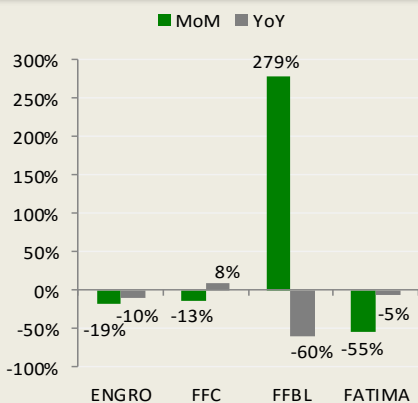
Monthly Review



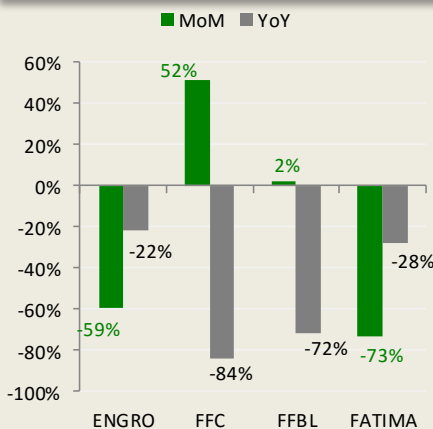
Market Share (%) – Feb'19



Company-wise Urea Off-take



Company-wise DAP Off-take



Fertilizer Off-take Decline by 35% MoM, 16% YoY

As per data released by NFDC on Friday, all fertilizer off-take for February 2019 slumped by 35% MoM whereas on YoY basis the decrease was 16%. The decrease is attributable to seasonal factors as Rabi season is heading towards its end requiring lesser fertilizer as well as prudent behavior of farmers amid price reduction expectations post GIDC settlement.

Nutrient wise, urea offtake post meagre 5% growth while all other nutrients sled on YoY basis whereas DAP took most of the hit to decline 60% YoY.

All fertilizer production for the month declined by 8% MoM to 543 KT whereas urea production for month stood at 373KT down 18.8%. However DAP production for the month doubled at 60.1KT due to resumption of production from FFBL after its annual maintenance turnaround. Industry urea inventory stood at 54KT as compared to 71KT last month, down 23.5% translating into better pricing position for companies. DAP Inventory was comfortable at 507KT up 4% due to weak offtake for the month.

Company wise, FFC lead the market by posting 8% YoY growth in urea segment whereas offtake for all other companies declined. FFBL urea and DAP offtake soared 279%/2% MoM respectively.

Going forward, fertilizer industry seems to be in limbo provided increase in urea prices, delay in GIDC settlement and possible gas increase (as per recent news flows).

Fertilizer Sector Sales Performance – Feb'19

| Tons'000 | INDUSTRY | | | | | | | |
|--------------|------------|------------|-------------|------------|-------------|--------------|--------------|------------|
| | Feb-19 | Jan-19 | MoM% | Feb-18 | YoY % | 2M CY'19 | 2M CY'18 | YoY % |
| UREA | 388 | 564 | -31% | 370 | 5% | 952 | 909 | 5% |
| DAP | 49 | 75 | -35% | 122 | -60% | 123 | 215 | -43% |
| NP | 16 | 54 | -70% | 37 | -57% | 70 | 88 | -20% |
| CAN | 46 | 78 | -41% | 70 | -34% | 124 | 147 | -15% |
| NPK | 7 | 4 | 71% | 9 | -23% | 10 | 11 | -9% |
| TOTAL | 520 | 794 | -35% | 619 | -16% | 1,314 | 1,393 | -6% |

| ENGRO FERTILIZER | | | | | | | | |
|------------------|-----|-----|------|-----|------|-----|-----|------|
| UREA | 131 | 161 | -19% | 145 | -10% | 291 | 407 | -28% |
| DAP | 14 | 34 | -59% | 18 | -22% | 48 | 34 | 42% |
| NP | 2 | 5 | -66% | 2 | -14% | 7 | 5 | 35% |
| NPK | 7 | 4 | 71% | 9 | -23% | 10 | 11 | -9% |

| FAUJI FERTILIZER | | | | | | | | |
|------------------|-----|-----|------|-----|------|-----|-----|------|
| UREA | 170 | 196 | -13% | 157 | 8% | 365 | 380 | -4% |
| DAP | 8 | 5 | 52% | 48 | -84% | 13 | 74 | -83% |

| FAUJI FERTILIZER BIN QASIM | | | | | | | | |
|----------------------------|----|----|------|----|------|----|----|------|
| UREA | 11 | 3 | 279% | 27 | -60% | 14 | 40 | -67% |
| DAP | 12 | 11 | 2% | 41 | -72% | 23 | 72 | -68% |

| FATIMA FERTILIZER | | | | | | | | |
|-------------------|----|----|------|----|------|-----|-----|------|
| UREA | 36 | 80 | -55% | 38 | -5% | 116 | 74 | 57% |
| NP | 13 | 49 | -73% | 34 | -61% | 62 | 78 | -20% |
| CAN | 44 | 77 | -43% | 65 | -32% | 122 | 139 | -13% |
| DAP | 1 | 2 | -73% | 1 | -28% | 2 | 1 | 180% |

SOURCE: NFDC / Darson Research

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- | | |
|---|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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